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November 17, 2011

Arizona Corporation Commission
Docket Control
APS E-01345A-11-0207

**Re: Dissent Letter – Arizona Public Service Company (APS)
(E-01345A-11-0207) – Application for Approval of Version 12
Of Service Schedule 3 and Agreement Concerning Same**

I am entering this letter into the docket regarding my “No” vote in this matter.

I have long been a proponent of growth paying for growth, and was encouraged by the policy the Commission adopted in 2007. That policy restricted electric utility companies from providing free footage distribution line extensions to new customers at the expense of existing ratepayers.

After being sworn to office as a Commissioner in 2009, I was willing to revisit the issues presented by the Commission’s restrictions on free footage allowances. I thought more information would be helpful in my consideration of these matters, and I wrote a letter to interested parties asking for comment. I was also interested in the outcome and recommendations from related workshops conducted by one of my colleagues. Unfortunately, there were no recommendations resulting from the workshops.

However, in light of certain responses to my 2009 letter, I was willing to further consider some modifications to the 2007 policy. These modifications might have included the possibility to allow free footage to individuals who want to build their dream home in rural Arizona. But as I balanced the various interests, it appeared to me that a policy modification that would treat new customers in rural Arizona differently may come at too high of a cost for existing customers. Also, I do not believe that the policy adopted in 2007 led to the collapse of the housing market as some proponents for free footage have asserted. In fact, I found the comment made by an APS representative that he doubted adoption of the proposed free footage allowance would revive the housing market was quite telling.

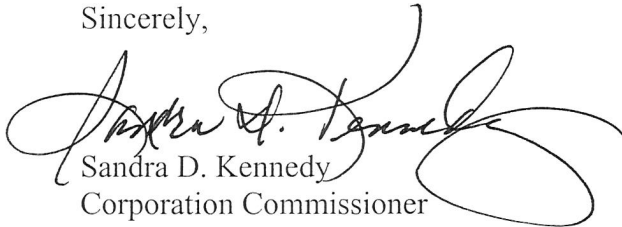
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In addition, I understand that there are interested parties that may believe the cost associated with this proposed agreement will be de minimus. I wonder if they will hold the same opinion when it comes to increasing customer rates by 76 cents per month for either renewable energy efficiency programs. I am not surprised that APS was willing to allowing free footage. At the end of the day, it is not the stockholders or the Company that will bear the financial burden; those costs will be passed on to their ratepayers.

Sincerely,

A handwritten signature in black ink, appearing to read "Sandra D. Kennedy", with a large, stylized flourish extending from the end of the signature.

Sandra D. Kennedy
Corporation Commissioner